



The Influence of Information and Communication Technology (ICT) On Electronic Bank Frauds in Rivers State, Nigeria

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ABSTRACT

This study examined the influence of information and communication technology on electronic bank frauds in Rivers State. To achieve this study, the study generated data from field survey using questionnaires. The data generated were analysed using bivariate correlation analysis. From the study, it was observed that there is high rate of fraud activities in old generational banks in the Rivers State. There is a significant relationship between the use of ICT and electronic bank fraud at R value of 0.722. It is anticipated that as ICT enhances there is a tendency that electronic bank fraud will increase correspondingly as well. Therefore, the need to improve electronic banking via laws reviewing with a view to making it more stringent and punitive enough to create a deterrent effect is advised.

Keywords: Information-Communication-Technology, Banking, Electronic Fraud, Rivers State

Date of Submission: 09-10-2021

Date of Acceptance: 23-10-2021

I. INTRODUCTION

The Nigerian society is one that is riddled with corruption in virtually all aspects of its national life. The banking sub-sector is not an exception with its own fair share of electronic fraud and other forms of theft. While corruption and frauds are seen as endemic and pervasive in Nigeria, it is actually difficult to place a finger on the exact cause or causes of these phenomena which is now acknowledged widely as social maladies given their negative impact on our socio-economic development.

Unemployment is a big social problem the authorities are not finding easy to deal with. Many youths especially those with skills in Information Communication Technology (ICT) found solace in displaying their ingenuity through various scam operations. The so called "yahoo yahoo" boys as they are referred to in local parlance engage in the scam not just to make a living, but also to keep pace with the exploitative ruling political class in the morbid acquisition of material wealth.

The use of ICT in Nigeria and other developing nations is basically to align with global practices that improve with the methods of doing business and improved lifestyle. It is widely believed that ICT brings development to the countries. However, according to Ogunlala (2007), the diffusion of ICT in Africa have been at the speed of snail such that the gap between the rich information developed nations and the poor states of Africa have continued to widen unabated.

Information Communication Technology (ICT) has become a useful tool for organizations to have competitive advantage. However, there are vulnerabilities inherent in ICT systems which detractors are ready to take advantage of (Akeke, 2007; Abiteboul, Serge, & Julia, 2019). Anyalenkeya (2008) stressed that e-banking is the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communicating channels and other technology infrastructure.

Electronic banking eliminates the need to move cash about and reduce the risk of robbery or theft. In modern economies, banking institutions are expected to keep depositors' funds safe and earn returns from the intermediation function of lending excess savings to needy investors. However, the costs from the deployment of electronic banking platforms as additional parties, additional operators, additional networks and system, are required to move from traditional banking to cashless banking (Nelson, 2003).

The business environment in which banks operate has been quite challenging with the rapid changes that occur in a very unpredictable manner. The advances in Information Technology and Telecommunications have increased the scope and sophistication of fraud in the banking system. Fraudsters have become bolder and sophisticated in their approach due to the increasing level of



globalization and information technology (Nzotta, 2003).

The extensive electronic banking fraud experienced in the financial sector is costing the country so much in terms of loss with the potential to discourage banking transactions especially among the illiterate class. Recent data shows that last year electronic fraud in the banking sector accounts for about 16% of total fraud in the industry. The implications of rampant e-fraud are enormous. People who already have a bank account are reluctant to adopt e-banking. And it's an obstacle to drawing those who don't have bank accounts into the formal financial system. In Nigeria only 53% of the population is in the banking system.

This has broader economic implications because e-banking is known to play a developmental role and because it allows poor people to have access to formal financial services. It is believed strongly that the incessant fraud reports have a tendency to frustrate the monetary authority's efforts to reduce the cash in circulation and herd them into the banking system.

One question in our minds today is if the risk of fraud was high when banking procedures were personal and documentary, what do today's bankers, customers and regulators expect from an anonymous and automated scenario? How does one reconcile this contradiction?

II. STUDY AREA

Rivers State is located between latitude $4^{\circ}40'$ N and $4^{\circ}43'$ N and longitude $6^{\circ}55'$ E and $7^{\circ}05'$ E. Rivers State is located in the southern part of Nigeria. The state is bounded to the north by Imo, Abia and Anambra, Akwa Ibom to the east and Bayelsa, Delta to the west and to the south, it is bounded by the Atlantic Ocean. The total land area of Rivers State is estimated at total area of 11,077 km². The state is endowed with both urban and rural branches of banks. There are twenty-one (21) banks operating in Rivers State. The urban branches are close to Central Business Districts (CBDs) with a heterogeneous mix of customers while the rural branches are close to markets and busy local government headquarters where electronic payments are also common.

III. CONCEPTUAL ISSUES

Sutherland (1960) developed his major contribution to criminology by investigating "White Collar" crimes of the rich, educated, and higher income members of society. He differentiated such crimes as fraud, corruption, racketeering and insider trading in business from the "blue collar" or "brown

collar" crimes of the poorer, less educated and lower income citizens such as burglary, armed robbery, arson, etc. Therefore, the incidence of fraud in electronic banking represents a modern day example of white collar crime in Nigeria and its magnitude in terms of loss values greatly exceeds the capital losses from lower class crimes. The legal implications were captured by Haralambos and Holborn (2008) when they stated inter alia; "Even so there is evidence that offences committed by adults of high social status are less likely to lead to arrest and convictions than those committed by adults of low social status" (Haralambos & Holborn, 2008). This legal aspect of white collar crime is one of the major concerns of our investigation; and some of the conclusions and recommendations for dealing with e-banking fraud will draw from this theory.

IV. METHODS OF DATA COLLECTION

The study adopts the qualitative and quantitative method of research design. The population of the study was banks in Rivers State. Stratified random sampling was adopted to select twelve (12) branches (15%) of the 78 branches of selected banks in Rivers State. All the branches were first stratified into urban and rural branches, then eight (8) urban and four (4) rural branches were selected at random. A total sample size of 558 respondents representing 10% of the total population of bankers were selected. Descriptive and inferential statistics were used to analyse data. Descriptive statistics (percentage and mean) were used to achieve the objectives. Bivariate correlation analysis was used to analyse the relationship between ICT and electronic bank fraud.

V. RESULTS AND DISCUSSION

Table 1: Electronic bank fraud

Banks	Response %
First Bank	43
UBA	21
Fidelity	17
Access	19
Total	100

Source: Field work, 2021

Table 1 reveals that there is high rate of bank fraud activities in first bank while Fidelity bank has the least fraud activity. This could be attributed to increased banking and electronic activities in First bank which tends to be a very old bank.



Table 2: ICT enhances electronic bank fraud

Opinion	Response %
Strongly Agree	42.5
Agree	31.4
Strongly Disagree	14.6
Disagree	11.5
Total	100

Source: Field work, 2021

Table 2 reveals that 42.5% of the respondent strongly agreed that the influence of information communication technology helps to increase the rate of electronic bank fraud, while, 31.4% agreed that the influence of information communication technology helps to increase electronic bank fraud. Similarly, 14.6% strongly disagree that information communication technology influenced increased in electronic bank fraud, whereas, 11.5% disagree that information communication technology influence electronic bank fraud. The high rate of respondents who strongly agree and agree that the influence of information communication technology increases the rate of electronic bank fraud is an evidence to support the assertion that the information communication and

technology thus increases the level of electronic bank fraud.

Table 3: ICT has enhanced banking

Response	%
Strongly Agree	35
Agree	53.4
Strongly Disagree	8.3
Disagree	3.3
Total	100

Source: Field work, 2021

Table 3 reveals that 35% and 53.4% of the respondent strongly agreed and agreed that ICT has helped in enhancing banking operations inspite of its flaws. However, the 8.3% and 3.3% of the respondent strongly disagreed and disagree that the use of ICT has not enhanced banking. The high rate of respondents who strongly agree and agree that the ICT enhances banking operations is an evidence of technological growth.

Table 4: Correlation Model summary

		ICT	Electronic Bank Fraud
ICT	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.012
	N	5	5
Electronic Bank Fraud	Pearson Correlation	.722**	1
	Sig. (2-tailed)	.012	
	N	5	5

** . Correlation is significant at the 0.05 level (2-tailed).

Table 4 shows that ICT correlated positively with electronic bank fraud at $R = 0.722$. This implies that 72% of electronic bank fraud is associated to the use of ICT in the banking sector today. Thus, as ICT enhances so also electronic bank fraud increases as well.

VI. CONCLUSION

The study revealed that banks in Rivers State have been faced with high fraudulent activities especially First bank. Moreso, the use of ICT has enhanced electronic bank fraud. The study further showed that electronic bank fraud correlated with the use of ICT, thus an increase in ICT will simultaneous increase electronic bank fraud as well. The implication of this findings is for the banking sector in Rivers State to exploit other

methods to enhance banking so as to avoid electronic bank fraud both in terms of false bank SMS or emails. It is therefore recommended that Government should review the extant laws with a view to making it more stringent and punitive enough to create a deterrent effect. These laws can be increased through the following:

1. Every impediment to an efficient and effective justice system should be identified and eliminated.
2. The law should be capable of promoting smooth banking operations while the judges are advised to update themselves with the workings of a digital modern economy.



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